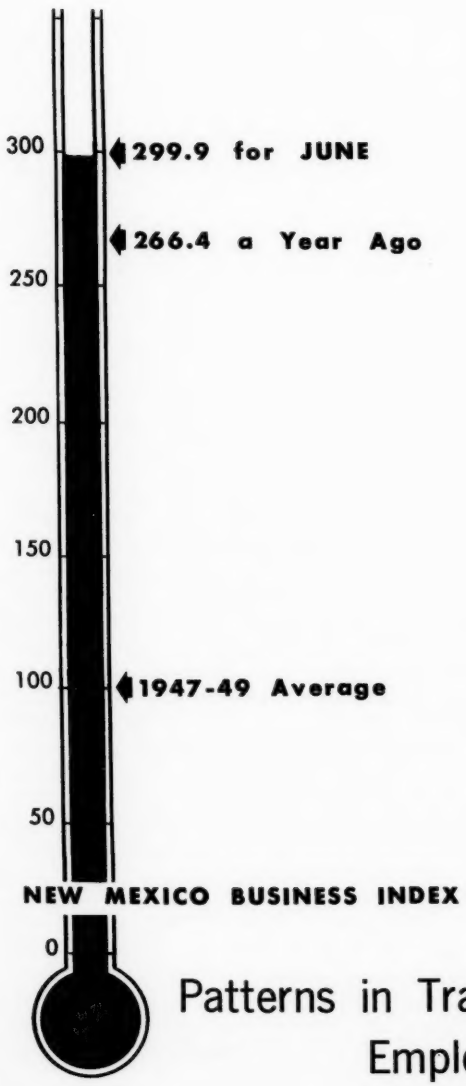
AUGUST 1959

New Mexico BUSINESS



Although June brought no sharp reversal of May's small contraseasonal business decline in New Mexico, the downward movement of the Index of Business Activity was at least brought to a halt. By the end of June the Index had not budged from its month-earlier level. Only once before has the Bureau recorded the same index level for two consecutive months. In March and April of 1956 our thermometer registered 188.4.

Seven of the 12 lesser measures that had also dropped somewhat during May were stopped in their tracks and nudged upward again. They include life insurance sales, bank debits, demand deposits, valuation of total construction contracts awarded and of residential and heavy-engineering contracts, and production of electric power.

However, eight other measures which had shown May gains lost ground during June: bank loans and deposits; government employment; production of petroleum, total metallics, and copper; and all three farm-price indexes.

(Continued on Page 7)

Patterns in Traffic & Local- & State-Government Employment; More on Consumer Credit

Government Employment as a Gauge of State and Local Services

Arthur A. Blumenfeld

The services offered by local governments in New Mexico vary widely from city to city. Civic-minded people in most communities constantly work hard to obtain improvement in such services. In addition to raising standards for the entire community, such improvements attract new people and encourage general growth. Interested citizens who are not sure where their examination of local governments should start can find in the 1957 Census of Governments information to aid them in evaluating government services here and elsewhere. Judgment of the quality of particular services in particular areas based on the material in the Census of Governments may not be a completely accurate judgment, but it can be useful in giving an indication of the fields obviously needing further consideration. (The Census is invaluable for its thorough description of governmental operation.)

EMPLOYMENT DATA

Among other things, the Census provides information on numbers of state and local government employees performing certain functions; it also supplies, for comparative purposes, average employment figures. This article is primarily concerned with such employment data and its relative value as a measure of quality of services offered by state and local governments in New Mexico. The combining of state- and local-government figures is important because of the great variety of ways in which responsibility for particular programs is divided among different levels of government in different states. The lack of comparability of facts poses an evident problem, when we attempt to appraise the quality of government services in an area or in two or more areas. Included in this problem presented by noncomparability is the lack of any gauge of the proper division of responsibility between government--state and local--and private interests. Additional local factors, such as rapid population growth and heavy industrialization, also make comparisons difficult. We are using employment figures in this article because the relative number of workers performing a particular job well may be a reasonable indication of the quality of service provided. Of course, training and experience of persons involved greatly affect a program, but evaluation of the calibre of employees based upon a general statistical summary is virtually impossible. Such things as equipment and tools, can, of course, also make a big difference in the over-all effectiveness of particular programs.

EDUCATION EMPLOYEES

Care must be exercised when averages are employed to explain a situation that exists over broad areas, but at widely scattered locations. In such cases the danger lies in the fact that excellent services rendered in certain locations and sub-standard services offered in others are blended into a mediocre average. The Census reports that the total number of full-time equivalent state- and local-government employees in proportion to the population of New Mexico is somewhat greater--6 per cent--than the national average. However, education alone, out of the 20 different categories of government employment, is responsible for the relatively large New Mexico total. The total number of educational employees per 10,000 of our population is 30 per cent greater than the average for the country as a whole. This heavy concentration has the effect of covering up deficiencies that exist in other fields. If we compare noneducational state- and local-government employment in New Mexico with that of the nation, we find the national average is 11 per cent greater than the New Mexico total.

The emphasis upon education in this state, as represented by the high percentage of the population employed in this field, is a distinct investment by New Mexicans in the future of their state, but may partially reflect the wide dispersion of New Mexico's population, coupled with the relative lack of private schools, particularly at the college and university level. Strongly supported educational facilities for children and adults are basic to good community life. The proportion of the New Mexico population employed in government-supported education--elementary, secondary, higher--is greater than that of any of the other 10 Mountain-West states. Only Utah has a larger portion of its population employed in higher education, and only Montana and Wyoming have larger portions in elementary and secondary.

(Continued on Page 4)

New Mexico Automobile Traffic Patterns, 1958

Rudyard B. Goode

Automobile and truck traffic is another questionable blessing of our modern way of life. Given reasonably adequate highways and streets, most of us appreciate the convenience and flexibility of movement facilitated by widespread ownership and use of motor vehicles. Similarly, most of us dislike, or even detest, the traffic jams, delays, accidents, and other inconveniences or discomforts accompanying much motor-vehicle travel.

No one doubts the necessity of this traffic; it plays an integral part in most lives and is an essential element in the complex fabric of our economic organization. The nature of this ever-present and growing stream of traffic is enigmatic to many, interesting to a few, and understood by almost no one.

MEASURING TRAFFIC

New Mexico Traffic Survey, 1958, a recent publication of the Planning Division of the New Mexico State Highway Department in cooperation with the U. S. Bureau of Public Roads, contains the latest complete information about traffic in New Mexico. This report includes 1958 traffic data of many kinds, limited amounts of historical data, a description of the methods used in making traffic counts, and a brief statement of some of the major uses of such data.

The primary sources of data on traffic volumes in this state are the 26 rural and five urban control stations at which continuous counts are made. Supplementing these are 93 rural and 28 urban control stations where periodic counts lasting one week are made every calendar quarter. Additional counts, made as needed, provide a more complete picture of traffic volumes and composition.

Traffic engineers and analysts prefer to think of motor-vehicle traffic as a "flow"; this very useful analogy has traffic flowing as a stream. Just as most streams do not have constant levels or flows of water, the traffic flow exhibits definite changes. Some of these changes are regular, predictable, and easily explained. Others are not.

The stream has several interesting angles. First, look at its over-all growth. Total travel on all New Mexico roads and streets in 1958 amounted to over 4.7 billion vehicle miles or more than double the amount of travel in 1949. Thus, over the last 10 years the average annual rate of increase has been more than 7 per cent. Since 1952, total travel has increased about 40 per cent.

TRAFFIC MAKE-UP

Next, what about the composition of this traffic stream? Vehicles are classified as "New Mexico passenger cars," out-of-state passenger cars," "commercial vehicles" (which include busses and all trucks except the smallest ones), and "other vehicles". In 1958 nearly half of all travel was by New Mexico passenger cars, and slightly more than a quarter of the total was by foreign passenger cars, making passenger-car travel about three fourths of the total. Commercial vehicles accounted for most of the remainder, since "other vehicles" had a very small proportion of the total. During the last 10 years the proportions of total travel attributed to each type of vehicle changed very little. A slight increase in the foreign-car proportion has been accompanied by a slight decrease in the proportion for New Mexico passenger cars.

FLOW ACCORDING TO ROAD TYPE

Further, the flow of traffic was not uniform for all types of highways. Rural highways account for about 95 per cent of the mileage and about 75 per cent of the travel, but there were major variations in the traffic density on these roads. The rural Interstate Highways, totaling less than 1,000 miles in the State, carried almost a quarter of the total travel and about a third of all rural traffic in 1958. Over half of the travel on these interstate routes was by foreign passenger cars, while only one fourth was by New Mexico passenger cars.

The second important class of rural highways, those included in the Federal Aid Primary System, included over 2,700 miles of highways (less than 5 per cent of the total state mileage), but carried more than a fourth of all traffic. The remaining highways, about nine tenths of the mileage, handled only a little more than a fifth of all traffic, but nearly a third of the rural traffic. Urban and municipal roads and streets, those in incorporated places and their urban areas, accounted for less than 5 per cent of the mileage but carried more than a fourth of all

(Continued on Page 5)

GOVERNMENT EMPLOYMENT

(Continued from Page 2)

"OTHER" EMPLOYEES

While we recognize the primary importance of education and the advantages flowing to areas with outstanding educational systems, we must remember that there are many additional important functions of government. Excluding education, state and local governments in New Mexico employ a smaller proportion of the population than do the other states in the region except Utah. The following table shows the total number of full-time employees of state and local governments, excluding education, per 10,000 of the population:

Nevada	215.3	Colorado	160.8
Wyoming	192.1	Idaho	160.8
California	184.4	Arizona	146.7
Washington	182.8	NEW MEXICO	142.6
Oregon	173.4	Utah	130.3
Montana	165.1		

FIRE! POLICE!

Although the Census divides government employment into 20 functional sections, selection of a limited number of these functions that only government performs will avoid some of the more dangerous pitfalls involved in comparisons. The quality of police and fire protection, universally government functions, is worthy of consideration. If these traditional services are of inferior quality, the entire community suffers, and the development of the area is retarded. Among the 11 Mountain-West states, New Mexico has the smallest proportion of its population employed to provide both police and fire protection. In certain states of the region the rate of employment for fire protection is three times greater, while that for police protection is half again as much. Local conditions in New Mexico may justify this low rate of employment, but in a broad investigation deviations of such large magnitude are certainly cause for suspicion that communities are not receiving adequate protection.

BOOKS AND BALLS

Two additional fields, important to new citizens and "old-timers" alike, are the library and the park and recreation programs. Of the 11 states being considered, New Mexico has the smallest proportion of its population employed to provide library service. Various states within the region have a ratio two to three times greater. The proportion of New Mexico's population working in parks and recreation programs supported by state and local governments is larger than the proportion in only two other states in the area, and it equals the proportion in one other state alone. On the other hand, some of the states have ratios twice the magnitude of that of New Mexico.

LOOK AROUND

Far from suggesting that New Mexico communities immediately embark upon a program to improve services so as to bring them closer to the national average or to that of some other particular state, the information in the Census of Governments offers aid primarily to indicate areas of activity that may need increased emphasis. A program of improvement should be based upon careful investigation of local facilities and needs. Plans are effected as resources permit; priorities for programs that can be established immediately are set up, with plans also made for those that can come soon or in the future. Recognition should be given, for example, to the fact that development of the municipal golf course should follow the more urgent need for improved fire protection.

If New Mexico communities are to retain their population and gain new citizens, they must develop attractive civic "climates." Numerous factors will influence the growth of particular communities, many of which the local government cannot control. But in those areas where it can be effective local government should do as much as possible to achieve high levels of service. In almost all cases the civic-minded citizen leads the way, by recognizing the need and/or by pressing for improvements.

TRAFFIC PATTERNS

(Continued from Page 3)

travel. Obviously, the density of traffic on city streets ranges from exceedingly high volumes on major urban thoroughfares to the very lowest levels on local service and relatively unused streets.

Traffic growth during the 1952-1958 period was uneven for the different segments of the highway system. Counts made at continuous recorder stations along the rural portions of U. S. Route 66, an Interstate Highway, showed an increase in excess of the statewide average of 40 per cent, a fact generally attributed to the large number of out-of-state cars using our major east-west route. At some counting stations, largely those along primary and secondary routes, almost no change in total traffic volume was recorded from 1952 to 1958, but in and near rapidly growing areas, e.g., Alamogordo and Farmington-Aztec, traffic more than doubled.

FLOW BY COUNTIES

Obviously, the over-all traffic stream was not spread evenly throughout the State. Bernalillo county had the greatest amount of 1958 travel of any county, nearly a fifth of the State's total, with more than two fifths of all urban vehicular movement occurring within its borders. Travel in Lea, the second highest county, was less than half that in Bernalillo. The next two counties were Dona Ana and San Juan. Together, these four accounted for a third of all New Mexico travel and for more than half of the urban travel.

At the other end of the scale, Harding county roads were least used, the total travel being less than one sixtieth of that occurring in Bernalillo. Los Alamos was next, followed by Mora. During 1958 the total travel of the 13 counties at the bottom of the list was lower than the total in Bernalillo county, alone.

EFFECTS OF THE SEASONS

A particularly noticeable and important fluctuation in the traffic flow is the seasonal variation, which is reflected in the traffic count by months and by seasons. Summer travel is generally high, largely because of increased tourist and recreational trips. During the winter months volume is usually lower. Also, the seasonal pattern varies with the type of vehicle. Although the variations were not great, travel by New Mexico passenger cars was highest during the third quarter of 1958 and lowest during the first quarter. Out-of-state passenger-car travel had a more pronounced pattern. During the winter quarter it was about 75 per cent of that of the average quarter, while during the summer it was more than a third above the average. Travel by commercial vehicles showed the least seasonal variation.

WEEKS, DAYS, HOURS

Changes in the traffic stream by day of the week and even hour of the day are quite usual. Peak travel days were Saturdays, followed by Sundays and Fridays. Usually, the lowest day was Tuesday. This over-all pattern did not apply uniformly to all routes. For example, those counting stations located to measure traffic induced by oil- and gas-field activity showed Sundays to be below average, while an above-average use of roads occurred during the regular work week. Also, some urban counting stations revealed lower travel on Sundays. Explanations for these differences are quite apparent.

The 1958 Report also noted the days and hours of peak travel and the day of lowest volume for the continuously operated stations. Many of the peak days and hours of travel came during holiday weekends. The heaviest hours often occurred on the heaviest days, but not in all cases. For most counting stations the busiest hours came in the afternoon or the early evening. The days with the lowest volume for the year had no consistent pattern relative to months or seasons. Generally, the lowest day was a winter day, and often the low volume of traffic resulted directly from bad weather, which restricted travel. Some of the counter stations along Route 66 recorded, not surprisingly, that Christmas Day was the lowest travel day of 1958.

Business Activity in New Mexico

	June 1959	Year Earlier June 1958	Per-Cent Change June 1959 from May 1959	Per-Cent Change June 1959 from June 1958	INDEX June 1959 (Average Month 1947-49 = 100)
Index of Business Activity (1947-49 = 100)	299.9	266.4	0.0	+ 12.6	299.9
Sales Data: Not available. See March issue of NEW MEXICO BUSINESS					
*Life Insurance Sales (1,000s)	$ 26,748	$ 20,436	+ 15.5	+ 30.9	762.7
*Bank Debits, 36 banks (1,000s)	520,372	430,699	+ 3.2	+ 20.8	320.5[a]
Bank Loans and Discounts, 36 banks (1,000s)	51,526	42,220	- 1.3	+ 22.0	300.9[a]
Demand Deposits, 36 banks (1,000s)	344,560	313,793	+ 1.2	+ 9.8	181.9[a]
Time Deposits, 36 banks (1,000s)	120,938	107,891	+ 0.4	+ 12.1	337.7[a]
Business Failure Liabilities (1,000s)[b]	160	98	+ 59.6	+ 62.8	559.0
Wage Workers in Nonagricultural Establishments	234,800	221,800	+ 1.7	+ 5.9	178.2
in Mining	19,100	19,500	+ 2.1	- 2.1	153.2
in Contract Construction	23,100	20,900	- 0.4	+ 10.5	182.9
*in Manufacturing	17,000	16,000	+ 2.4	+ 6.2	184.1
in Transportation and Utilities	20,900	20,000	+ 2.0	+ 4.5	137.5
in Trade	50,000	46,500	+ 3.3	+ 7.5	172.4
in Finance, Insurance, and Real Estate	8,700	8,000	+ 1.2	+ 8.8	300.0
in Services and Miscellaneous	34,600	32,500	+ 4.2	+ 6.5	159.0
in Government	61,400	58,400	- 0.3	+ 5.1	215.2
Number of Insured Unemployed	2,993	4,812	- 16.8	- 37.8	--
Rate of Unemployment (per cent of labor force)	1.60	2.71	- 17.5	- 41.0	103.0
Construction Contracts Awarded (1,000s)	$ 27,093	$ 59,476	+ 19.4	- 54.4	--
Residential	18,442	12,741	+ 34.1	+ 44.7	--
Nonresidential	4,583	14,768	- 11.6	- 69.0	--
Heavy Engineering	4,068	31,967	+ 8.1	- 87.3	--
*Petroleum Production (1,000s of bbls)	8,551	7,880	- 2.0	+ 8.5	225.5
Natural Gas Production (millions of cu ft)	57,619	54,078	+ 1.6	+ 6.5	358.2
*Electric Power Production (1,000s of kwhs)	293,473	257,442	+ 11.2	+ 14.0	332.6
*Index of Total Metallics Production (1947-49 = 100)	44.7	29.0	- 31.5	+ 54.2	44.7
Mine Production - Copper (1,000s of lbs)	7,680	4,830	- 34.9	+ 59.0	72.7
Mine Production - Lead (1,000s of lbs)	na	204	--	--	--
Mine Production - Zinc (1,000s of lbs)	na	8	--	--	--
*Mine Production - Potash (1,000s of tons)	1,127	914	- 5.4	+ 23.3	281.4
Index of All Farm Prices (1947-49 = 100)	105.5	101.0	- 6.1	+ 4.5	105.5
Index of Livestock Prices	113.4	109.7	- 8.0	+ 3.4	113.4
Index of Crop Prices	92.9	86.5	- 1.2	+ 7.4	92.9
Receipts from All Farm Marketings (1,000s)	$ 7,688	$ 7,338	- 19.6	+ 4.8	96.1
Livestock and Products	4,731	4,829	- 23.9	- 2.0	79.4
Crops	2,957	2,509	- 27.5	+ 17.9	135.6

	July 1959	Year Earlier July 1958	Per-Cent Change July 1959 from June 1959	Per-Cent Change July 1959 from July 1958	INDEX July 1959 (Average Month 1947-49 = 100)
Bank Debits, 36 banks (1,000s)	$521,151	$451,609	+ 0.1	+ 15.4	320.8[a]
Bank Loans and Discounts, 36 banks (1,000s)	51,147	44,112	- 0.7	+ 15.9	298.8[a]
Demand Deposits, 36 banks (1,000s)	349,608	324,805	+ 1.5	+ 7.6	184.6[a]
Time Deposits, 36 banks (1,000s)	121,395	108,338	+ 0.4	+ 12.1	339.1[a]
Wage Workers in Nonagricultural Establishments	232,900	221,500	- 0.7	+ 5.1	176.8
Number of Insured Unemployed	3,258	4,668	+ 8.9	- 30.2	--
Rate of Unemployment (per cent of labor force)	1.73	2.62	+ 8.1	- 34.0	111.7
*Building Permits, total 17 cities (1,000s)	$ 6,571	$ 11,106	- 35.5	- 40.8	249.1[a]
Residential	4,355	6,855	- 39.4	- 36.5	266.8[a]
Nonresidential	1,290	3,625	- 17.8	- 64.4	184.5[a]
Other	926	626	- 34.7	+ 48.0	302.3[a]
Index of All Farm Prices (1947-49 = 100)	104.8	103.8	- 0.7	+ 1.0	104.8
Index of Livestock Prices	113.4	112.1	0.0	+ 1.2	113.4
Index of Crop Prices	90.5	90.9	- 2.6	- 0.4	90.5

*Indexes for these items are used to compute the Index of Business Activity.

[a]Although the number of reporting units changes, the indexes for these items are comparable with indexes for preceding months.

[b]The figures in this series are based on the average of three months' data.

na - not available

Sources:

Retail Sales Data: N. M. Bureau of Revenue
Potash Production: N. M. Bureau of Revenue
Petroleum and Natural Gas Production: N. M. Oil Conservation Commission
Life Insurance Sales (New Ordinary): Life Insurance Agency Management Association
Wage Workers and Unemployment: N. M. Employment Security Commission and U. S. Department of Labor
Electric Power Production: Federal Power Commission
Metallics Production: U. S. Bureau of Mines
Farm Prices and Marketings: U. S. Agricultural Marketing Service
Bank Data (all series), Building Permits: Bureau of Business Research
Business Failure Liabilities: Dun & Bradstreet, Inc.
Construction Contracts: F. W. Dodge Corporation

FOOTNOTES TO CONSUMER CREDIT

(See "What's New in Consumer Credit," July New Mexico Business.)

1. Various furbelows continue to be added to the dress in which consumer credit now sallies forth. The degree of decoration was already approaching the point of camouflage some time ago. The July issue of this magazine had hardly gone to press when newsstories informed the public that Macy's (New York) had devised still another elaboration: customers can have the option of (1) paying bills by the month within 10 days after receipt of the bills and have no service charge added, or (2) paying at least a fifth of the month's total, plus a small fee. The choice between the two can be made each month. (Some of the big mail-order houses now offer a similar plan.)

According to a Macy's spokesman, bank credit plans (see last month's article) have grown so rapidly in New York during recent months that the store felt called upon to liberalize its credit system even further than was accomplished when Macy's adopted a revolving-credit plan and a deposit-account system, the second of which is handled by Macy's Bank, a subsidiary institution more than half a century old. Under the deposit-account (DA) system a customer makes deposits to his account before making purchases.

Macy's calls its new plan the "dual accommodating shopping account" and has designed it to satisfy the customers who were demanding credit like that provided small retailers by banks. Some customers heartily dislike the deposit-account plan, protesting the need for paying in advance. The spokesman said that some of the DA accounts were constantly being overdrawn. That system will not be abandoned, but it will take a back seat in a promotional program to popularize the new scheme.

A Macy's executive describes the new credit development as really a "new way of buying." Macy's Bank will take over all individual accounts and then will pay Macy's each day for all customer charges occurring that day. Consequently, while the store sells goods and continues to get cash, the customer gets the goods now but pays for them later, exactly as if he were trading in a conventional charge-account store, which Macy's is not.

According to reports, the new plan has stirred up considerable interest among discount houses and conventional merchandisers. It well could be that still newer get-it-today-but-don't-pay-for-it-until-the-spirit-moves-you schemes are just around the corner.

2. Figures are now available on New Mexico credit unions for 1958. Total loans outstanding at the end of the year were $13.3 million. That amount represents an increase over 1957 loans ($10.3 million) of 29 per cent and one over 1952 that is almost too large to comprehend--1,008 per cent. These credit-union loans bring the total outstanding at our commercial banks, savings-and-loan institutions, credit unions, and small-loan firms at the end of 1958 to $425 million in comparison with $365.2 million in 1957, $318.1 in 1956, and--for a more telling comparison--$183.9 million in 1952.

--M. M.

CONSTRUCTION CONTRACTS AWARDED IN NEW MEXICO
(in thousands)

	1956	1957	1958
TOTAL	$187,426	$255,958	$299,155
Residential	55,238	64,738	133,938
Nonresidential	59,274	78,649	71,752
Heavy Engineering	72,914	112,571	93,465
	1st 6 mos. 1957	1st 6 mos. 1958	1st 6 mos. 1959
TOTAL	$103,283	$152,938	$147,834
Residential	29,187	54,156	75,637
Nonresidential	29,576	44,578	29,608
Heavy Engineering	44,520	54,204	42,589

Source: F. W. Dodge Corporation

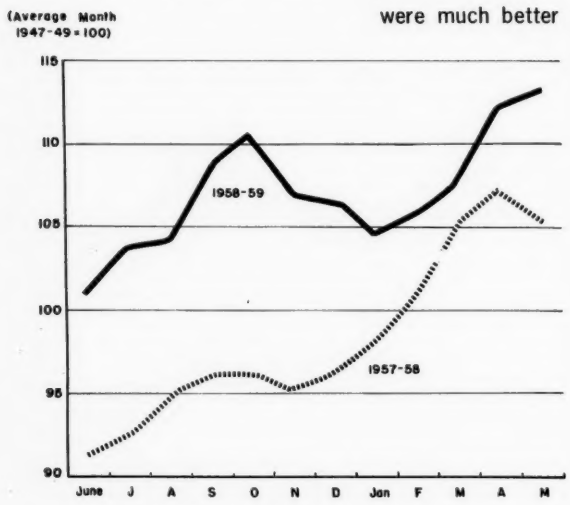
Monthly Summary (Continued from Page 1)

The employment situation for the year's first half showed much strength. Total nonfarm employment and workers in mining, finance, insurance and real estate, and in the service and miscellaneous establishments increased each month except January. Manufacturing and trade employment grew in March, April, May, and June. However, workers in government gained through April but lost in May and June; those in contract construction lost during the first quarter, gained the next two months, but lost in June.

Construction strength as indicated by June gains in value of contracts awarded--19.4 per cent for total contracts, 34.1 for residential contracts, 8.1 for heavy engineering, with only one drop (11.6 per cent in nonresidential contracts)--loses its glow in the light of July data on building permits for 17 cities: value decreases from June of 35.5 per cent total, nearly 40 per cent residential, 17.8 nonresidential, and 34.7 in "other" permits. Exactly what these sizeable drops portend is not yet clear, but the declines are the biggest of the year for construction and are, therefore, undoubtedly important.

CHART-OF-THE-MONTH

Prices received by New Mexico farmers during the 12 months ending last May were much better



than those during the preceeding 12 months.

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